



Patrick W. Henning, Director
October 27, 2009
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Arnold Schwarzenegger
Governor

Mr. Robert Sainz, Assistant General Manager
Community Development Department
Workforce Development Division
1200 West 7th Street, 6th Floor
Los Angeles, CA 90017

Dear Mr. Sainz:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the City of Los Angeles Community Development Department's (CLACDD) ARRA Summer Youth Program (SYP). This review was conducted by Mr. TG Akins from August 10, 2009 to August 13, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CLACDD with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of CLACDD, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, CLACDD's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on September 21, 2009, and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The CLACDD allocated \$12,000,732 of its \$20,318,324 ARRA Youth allocation to serve 5,250 SYP participants. As of the week of August 13, 2009 CLACDD expended \$1,178,464 to serve 3,565 SYP participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, CLACDD is meeting applicable ARRA requirements, we noted an instance of noncompliance in the area of eligibility documentation. The finding that we identified in this area, our recommendation and the CLACDD's proposed resolution of the finding is specified below.

FINDING 1

Requirement:

20 CFR 664.200 states, in part, that an eligible WIA youth is 14 through 21 years of age, low income, and is in one of the six identified barriers.

WSD08-8 states, in part, that an eligible Summer Youth Program youth is not less than 14 or more than 24 years of age.

WIAD04-18 states, in part, that Local Workforce Investment Areas are responsible for ensuring that adequate eligibility documentation is contained in their participant case files to minimize the risk of disallowed costs.

WIAD04-18 states, in part, that the definition of "deficient in basic literacy skills" must include a determination that the individual computes or solves problems, reads, writes, or speaks English at or below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion referenced test.

WIAD04-18 also states, in part, that the documentation of an individual's employability (right-to-work) must be conducted in compliance with Title 8 CFR Section 274a.2 which states the federal requirements and procedures persons or entities must comply with when hiring, or when recruiting or referring for a fee, or when continuing to employ individuals in the United States. These requirements and procedures are published as the Immigration and Naturalization Service (INS) Form I-9, and take

precedence over any State statute and regulation governing alien status determination.

WIAD04-18 additionally states, in part, that for purposes of authorizing a minor to participate in WIA programs, the signature of a parent, guardian, or other responsible adult is required.

Observation:

We observed that the following five case files contained insufficient information to establish program eligibility:

- Three case files did not adequately document the participants' barrier for eligibility. Two of the participants were identified as deficient in basic literacy skills, but the test used identified the participants to be above the 8th grade level in reading and math. Additionally, the third case file did not contain any documentation of the participant's barrier.

Subsequent to the on-site review, CLACDD provided documentation of a barrier for the third case mentioned above.

- One case file did not contain any right-to-work (RTW) documentation for the participant.
- One case file had a WIA application that was not signed by the 17 year old participant's parent or guardian to document that the participant was authorized to participate in the program.

Subsequent to the on-site review, CLACDD provided an application that was signed by the participant's parent.

Recommendation: We recommended that CLACDD provide the Compliance Review Office (CRO) with barrier documentation for the two remaining participants above. In addition, we recommended that CLACDD provide CRO with RTW documents for the case mentioned above.

CLACDD Response: The CLACDD documentation that the participants' parents were limited English speaking and therefore met the locally defined barrier to employment. This barrier eligibility was defined in the City of Los Angeles' approved five-year plan modification. In

addition, CLACDD provided the RTW documents for the participant mentioned above.

State Conclusion: We consider this finding resolved.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is CLACDD's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CLACDD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, cursive script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Larry Scaramella, MIC 50